

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Chilean Agricultural Exporters Request Government Assistance

Report Categories:

Agriculture in the Economy

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Report Highlights:

Chilean agricultural exporters request government intervention to shore up sector's competitiveness.

Executive Summary: On October 14, 2010, the Chilean Council of Agricultural Exporters met with the Treasury Minister. They expressed concerns regarding the loss of competitiveness in the agricultural sector due to the declining value of the U.S. dollar versus the Chilean peso. They then proposed a series of measures to address the issue.

General Information:

The Chilean Council of Agricultural Exporters met on October 14, 2010 with Treasury Minister, Felipe Larrain. They expressed concerns regarding the loss of competitiveness in the agricultural sector due to the declining value of the U.S. dollar versus the Chilean peso. The U.S dollar has continued to fall against the Chilean peso in 2010 and reached a 29-month low this week. A weaker dollar reduces export earnings and adversely affects Chile's competitive edge in global markets.

The Council presented a proposal requesting that the Government of Chile (GOC) draft an exchange rate insurance contract overseas for all Chilean exporters, defrayed by the GOC budget. The Council maintained that such a contract would support the country's GDP and protect jobs in Chile's export sector. The Council then pressed the GOC on the need for an exchange rate insurance policy at the national level, accepted by financial markets, also to be financed through government revenues.

Other measures encouraged by the Council include a request to reduce "administrative bureaucracy." For example: the tax on stamps and seals; government-sponsored promotional programs to improve the technological quality of production processes within the sector; eliminate the value-added tax on imports of industrial machinery used to improve business productivity; and government programs to promote worker training.

The President of the Chilean Fruit Exporters Association emphasized the need to defend the competitiveness of the Chilean economy by matching the policies of other governments, especially regarding income flows.

FAS/Santiago believes, based on the Piñera Administration's dedication to free markets and the principal that the private sector must assume the risk, it unlikely that the GOC will act on the Council's proposal.